

the transaction, except that the dealer must be eligible to register and must register under § 599.200 in order to be entitled to reimbursement for a credit extended under the CARS program.

§ 599.201 Identification of salvage auctions and disposal facilities.

(a) *Participating entities.* Subject to the conditions and requirements of paragraph (b), participation in the transfer and disposal of a trade-in vehicle under the CARS program is limited to the following entities:

(1) A salvage auction that will transfer trade-in vehicles received under this program only to a disposal facility identified in paragraph (a)(2) or (a)(3) of this section.

(2) A disposal facility listed on the Web site at <http://www.cars.gov/disposal>; or

(3) A facility that disposes of vehicles in Puerto Rico, the Virgin Islands, Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands.

(b) *Conditions of Participation.* A participating entity identified in paragraph (a) of this section must:

(1) Comply with all the provisions and restrictions and make all the required certifications contained in subpart D of this part.

(2) In the case of a disposal facility identified in paragraph (a)(2) of this section, be currently listed on the Web site at <http://www.cars.gov/disposal>, as of the date of its participation in the disposal of the trade-in vehicle.

(c) *Removal of authority to participate.*

(1) A disposal facility that qualifies as such by active membership in ELVS and that fails to maintain active ELVS membership may be automatically removed as a matter of course from the agency's list of disposal facilities maintained at <http://www.cars.gov/disposal> authorized to participate in the CARS program.

(2) The agency may also suspend or remove a salvage auction's or disposal facility's authority to participate in the CARS program in accordance with the procedures of § 599.504.

[74 FR 37897, July 29, 2009, as amended at 74 FR 38976, Aug. 5, 2009]

Subpart C—Qualifying Transactions and Reimbursement

§ 599.300 Requirements for qualifying transactions.

(a) *In general.* To qualify for a credit under the CARS Program, a dealer must sell or lease a new vehicle that meets eligibility requirements to a purchaser, obtain a trade-in vehicle that meets eligibility requirements from the purchaser, satisfy combined fuel economy requirements for both the new and trade-in vehicles, store the trade-in vehicle at the dealership or property owned by or under the control of the dealership until the engine is disabled, disable the engine of the trade-in vehicle at the dealership or property owned by or under the control of the dealership, satisfy the limitations and restrictions of the program, arrange for disposal of the trade-in vehicle at a qualifying disposal facility or through a qualifying salvage auction, and register and submit a complete application for reimbursement to NHTSA, demonstrating that it meets all the requirements of this part.

(b) *Threshold eligibility requirements that apply to all trade-in vehicles.* The trade-in vehicle must be:

(1) In drivable condition, as demonstrated by actual operation of the motor vehicle on public roads by the dealer and by certification by the dealer and by the purchaser, as provided in Appendix A to this part, certifications section, that the vehicle was in drivable condition on the date of the qualifying transaction;

(2) Continuously insured consistent with the applicable State law for a period of not less than 1 year immediately prior to the trade-in, as demonstrated by:

(i) One or more current insurance cards specifying the make, model, model year, and vehicle identification number (VIN) of the insured vehicle and displaying a continuous one-year period of insurance coverage; or a copy of an insurance policy document (e.g., a declarations page or pages) showing a continuous one-year period of insurance coverage for the vehicle; or a signed letter, on insurance company letterhead, specifying the same vehicle identification information (i.e., make,